Nova Scotia Housing Development Corporation
Business Plan
2004 - 2005

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Department of Community Services

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Message from the Minister and Deputy Minister

It is our privilege to present the Nova Scotia Housing Development Corporation's (Corporation's) Business Plan for 2004-05. This plan sets out the Corporation's priorities for 2004-05 but first we want to share some very positive highlights from the last fiscal year.

The 15-unit Middleton affordable housing complex was completed in September 2003. Funding for this project was available from the five-year $37.26 million Canada Nova Scotia Affordable Housing Agreement. Specifically the project received funding assistance from the federal government, the province and the Town of Middleton. In addition in February 2004 we issued a Request for Proposals for new rental housing projects. This is a strong beginning. More activity will begin in 2004-05 under this Agreement.

Then, in November 2003, the Province entered into an Agreement with the Federal government to extend the suite of Residential Rehabilitation Assistance (RRAP) Programs for another 3 years. These programs are cost-shared with the Federal Government (75%/25%). In 2003-04 the total program expenditures in Nova Scotia under this Agreement were $8.7 million. These programs assisted low income Nova Scotians with needed home repairs and helped seniors adapt their homes to enable them to continue to live independently. This assistance is crucial to Nova Scotia because we have both an aging housing stock and an aging population.

As in every year, the Corporation continues to strive to manage its business in a responsible manner to meet the needs of Nova Scotians.

David Morse
Chair, Nova Scotia Housing Development Corporation
Minister, Department of Community Services

Marian F. Tyson, Q.C.
President, Nova Scotia Housing Development Corporation
Deputy Minister, Department of Community Services

Mission

To be a partner to Nova Scotians in fostering healthy communities through housing.

Planning Context

The Nova Scotia Housing Development Corporation is responsible for managing the Province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. It's legislative mandate is set out in the ***Nova Scotia Housing Development Corporation Act***.

The Minister of Community Services is the Corporation's Chairperson and the Deputy Minister is the President. The Executive Director, Finance and Administration is the Chief Financial Officer of the Corporation. The department provides management services to the Corporation including: financial management; property management; program development, evaluation, and delivery; research and policy development; and communications and human resources support. An annual fee is paid by the Corporation to the Department for these management services. Department staff work on behalf of the Corporation but they are not direct employees and they receive no remuneration from the Corporation.

The Corporation supports the Province's housing initiatives to provide safe, affordable appropriate and sustainable housing to low and modest income Nova Scotians by managing the Province's social housing assets and providing financing tools for other housing solutions.

The Corporation owns approximately 11,590 senior and family public housing units, making it the largest residential landlord in the province. The property management for these units is delivered through seven Housing Authorities. The Housing Authorities also administer the Rent Supplement Program which provides rental assistance to 800 low income households who live in private and non-profit rental accommodations. The Corporation also provides another 1,540 housing units – both rental units and home owner units – under the Rural and Native Housing Program. These Public Housing, Rent Supplement, and Rural and Native Housing units house approximately 25,000 Nova Scotians.

Challenges facing the Corporation include:

- Managing and maintaining an aging public housing stock which continues to need major capital expenditures on replacement and improvement to ensure that affordable housing continues to be a viable option for families, seniors and individuals with low to moderate incomes

- Financially assisting low income home owners to undertake needed home repairs. Privately owned housing in the Province is old. Based on 2001 Census data, 47.4% or approximately 170,770 of the owner occupied homes in Nova Scotia were built before 1971. Of these homes, 21.3% were built before 1946. Older homes require on-going maintenance and capital improvements in order to provide safe and adequate housing

- Developing an Asset Management Strategy to facilitate the establishment of asset-based financial goals and promote property related decision-making based on an appropriate balance of business principles and public policy objectives

- Providing more seamless service to housing clients through more streamlined and co-ordinated services

- Providing affordable housing in the areas of greatest need given the declining population in the rural areas and the rural to urban shift in the spatial distribution of the Province's population. For example, only five of eighteen counties in Nova Scotia experienced a net increase in population between 1996-2001. The five counties with an increase in population during this time period were: Halifax County (4.7%), Antigonish County (0.1%), Colchester County (0.1%), Hants County (2.6%) and Lunenburg County (0.1%)

- Providing financial assistance to help seniors to continue to live independently in their own homes. In 2001, approximately 14% of Nova Scotians were 65 years of age or older and this percentage is expected to increase for the next 15 to 20 years. Some small towns in Nova Scotia already have a high percentage of seniors (e.g., Town of Digby 26.5%, Town of Windsor 23.3%, Town of Truro 20% and Town of Mahone Bay 28.9%)

Three federal provincial agreements form the cornerstone of the Corporation's operations. They are the Social Housing Agreement (1997), the Affordable Housing Agreement (2002) and the Housing Renovation Program Agreement (2003).

Under the Social Housing Agreement, Nova Scotia's annual federal funding for Federal/ Provincial Social Housing Programs was capped at 1995-96 levels and the annual funding levels were set out until the year 2035 when the Agreement expires. The level of federal funding declines over time. The Corporation must manage funding so that there will be sufficient funds available in future years to support the Federal/Provincial Social Housing Programs, or the Province will be challenged to provide additional funding to meet this need. Other factors that have an impact on the management of these funds include such things as the increasing annual operation expenses for over 12,000 public housing rental units due to inflation. For example, key expenditures are utilities, home heating fuel, cost of maintenance, wages and capital improvements. Full funding of these cost centres are continuously challenged by inflationary pressures on prices.

The Department is continually exploring opportunities to generate additional funding and to put in place processes to promote effective and efficient management. For example, the Department have installed a new property management software to improve our operating efficiencies in managing the Corporation's housing properties. This new system is web-based software which provides a sound foundation for operations, both, today and in the future.

As part of the Social Housing Agreement, the Corporation assumed the administration of approximately 220 third-party operating agreements with 156 different cooperative and non-profit housing organizations. Under the terms of the respective operating agreements Programs Division staff provide annual subsidies to 220 housing projects. These projects involve approximately 7,000 dwelling units and are located around the province.

In 2002, we signed the five-year $37.26 million Canada Nova Scotia Affordable Housing Agreement. This was an important step in support of Nova Scotians in need of affordable housing and it is an important piece of the province's housing strategy. Under the Agreement we will work with our housing partners to create or renovate 850 - 1,500 housing units. The federal government will provide $18.63 million in funding, provided that matching contributions are supplied by the Province and other housing partners.

To deliver the funds available and ensure that it is focused on the housing needs of low to moderate income households, the Programs staff developed four housing programs. These four programs are: Home Preservation Program, New Home Ownership Program which is restricted to identified urban areas of revitalization, New Rental Program and Rental Preservation Program.

Construction has already begun on new housing projects through the funds made available by the Affordable Housing Agreement. A 15 unit project was completed in Middleton and a new home ownership project was announced for Halifax in December 2003. Early in 2004 the Department issued a Request for Proposals (RFP) for new rental housing. As a result of the RFP Community Services will be in a position to announce a number of new rental housing projects in 2004-05. Activity has also begun under the Home Preservation Program as approximately 30 households were provided financial assistance to undertake major home repairs.

In November 2003, the Minister of Community Services, in his capacity as Chairman of the Corporation signed a three-year extension of the federal/provincial cost-shared renovation programs. These include Homeowner RRAP (Residential Rehabilitation Assistance Program), Disabled RRAP, Rental/Rooming Housing RRAP, Conversion RRAP, the Emergency Repair Program, Home Adaptations for Seniors Independence (HASI) Program and the Shelter Enhancement Program. These programs assist low income home owners, landlords, non-profit organizations and shelters undertake needed repairs. The HASI program, in particular, provides assistance to seniors to help them adapt their homes so that they can continue to live independently. RRAP also has a component to help home owners modify their homes for disabled family members. The Corporation's total RRAP budget in 2003-04 was $8.7 million ($7 million from the Federal Government and $1.8 million from the Provincial Government).

Also, the Corporation administers Canada Mortgage and Housing Corporation's (CMHC) mortgage/loan portfolio for Nova Scotia. In addition the Corporation is working with other program units within Community Services and with the Department of Finance to provide direct lending to housing related projects for long term interest rate risk reduction. Among the Projects assisted are community-based residential projects for the Community Supports for Adults Program which provide support services to developmental challenged Nova Scotians. The Corporation's assistance will help stabilize the per diem funding component for these projects.

Over the years the Province has delivered a Residential Land Development Program. This Program is being phased out in response to the increasing ability of the private sector to adequately supply the entry level home ownership market. The last phase of Millwood in Lower Sackville and Forest Hills in Cole Harbour, totaling 155 lots, is currently on the market and will be ready for home construction in the summer of 2004. The sale of these lots is expected to generate a profit in excess of $2 million.

Strategic Goals

The goals of the Corporation are:

- To foster healthy communities through housing
- To ensure a supply of safe, appropriate, affordable and sustainable housing
- To optimize access to safe, appropriate, affordable, and sustainable housing

Government of Nova Scotia's Priorities for 2004-05

- Health care – better, faster health care and healthier Nova Scotians.
- Learning is succeeding.
- Building greater prosperity.
- Fiscal responsibility and accountability.
- Protecting what Nova Scotians Value.

These goals are consistent with and support the priorities of the Government of Nova Scotia. Through housing programs we recognize that safe, appropriate, affordable and sustainable housing is a significant contributor to the health of our communities and to the personal well-being of all Nova Scotians. Good housing provides the environment and base needed to effectively deliver other social programs, such as home care, early childhood development and education. In particularly it has a lasting effect on children as research has shown that poor housing conditions have a detrimental impact on early childhood development. Community Services' housing programs keep homes safe and comfortable for Nova Scotians and these programs provide employment to trades people across the Province.

Nova Scotia has a high percentage of seniors compared to many other provinces. It is recognized that seniors tend to remain healthier and more confident, the longer they are able to "age in place" in their own homes or in supportive environments. Community Services' housing home repair/adaptation programs help seniors adapt their homes so that they can remain in their homes and continue to live independently. In addition the Department continues to make adaptations to its senior public housing projects to assist senior tenants age in place so that they can continue to live independently.

Core Businesses

In support of the Department of Community Services' housing mandate, the Corporation's core businesses are:

- Managing the financial contributions of the provincial and federal governments to social and affordable housing
- Managing the social housing portfolio
- Providing mortgage guarantees and/or financing to qualifying housing projects
- Manage the Corporation's assets to protect the Province from loss

Priorities for 2004-05

In selecting priorities for the business plan selection criteria were developed. These include, for example, looking at proposed priorities in light of such things as best practices, trends and research findings, congruency with the Corporation's Mission and Strategic Goals and Government's Objectives; sustainability in terms of financial resources and staffing; and whether the priority is measurable.

The following are the Corporation's four priorities for the 2004-05 fiscal year:

Priority Implement the Risk Management Strategy developed in 2003-04.

In 2002-03 the Provincial Auditor General recommended that the Department put in place a risk management strategy to monitor and control risk. A strategy was developed in 2003-04 and will be implemented in 2004-05. This is very much in keeping with Government's priority of fiscal responsibility and accountability.

Priority Initiate an evaluation project on the programs under the 1997 Canada Nova Scotia Social Housing Agreement based on the evaluation framework project to be completed early in the 2004-05 fiscal year.

Under the Canada Nova Scotia Social Housing Agreement, Nova Scotia must, every five-years, evaluate the social housing programs it administers. In 2003-04 work began on an evaluation framework. With the framework project to be completed early in the 2004-05 fiscal year; the task for the remainder of the year will be to begin the evaluations of the five social housing program areas.

These evaluations represent a major undertaking. The Department anticipates completing evaluations for the Rent Supplement, Urban Native, and Rural and Native Programs in 2004-05. The overall purpose of the evaluations is to provide the Corporation with information on the performance, results and cost-effectiveness of the housing programs covered by the Agreement. This information will help the Department develop processes for enhancing existing program management.

All jurisdictions who have signed a social housing agreement with the federal government, for example Newfoundland and New Brunswick, are subject to the five year program evaluation requirement. Therefore, early in 2004-05, the Department will consult with Newfoundland and New Brunswick to explore the possibility of conducting joint program evaluations. This joint effort would enable the three provinces to share expertise and to pool resources. Interprovincial cooperation and collaboration is possible because many of the housing programs are the same in the three provinces.

Priority Continue to implement the Affordable Housing Program.

The Affordable Housing Agreement involves federal funding of $18.63 million along with matching contributions from the Province and our housing partners. This year, staff have been working in consultation with community agencies, non-profit organizations and the private sector to identify areas of need across the province and conducting research to develop criteria for new programs to be established under the Canada Nova Scotia Affordable Housing Agreement.

In December 2003 Community Services announced the development of six semi-detached home owner units in Halifax under the New Home Ownership Program. This Program is restricted to designated urban areas of revitalization. In terms of major home repairs, by the end of the year, approximately 30 households received financial assistance under the Home Preservation Program The Department is also in a good position, in 2004-05, to initiate projects under the New Rental Housing Program given the Request for Proposals for rental housing projects that was issued at the end of the 2003-04 fiscal year.

Priority Complete the integration of Housing Services including the building technology section into the Department's Program Division.

This integration is part of the Department's 2003-04 organizational re-alignment which created a new Programs Division and consolidated Community Services' regional office structure. These changes will enable the Department, for example, to take full advantage of the building support services and expertise that have historically rested with Housing Services as a separate division. The other program areas where these services have application include facilities under the Community Supports for Adults Program, Family and Children's Services residential facilities for children and workshops funded through Employment Support Services. There is also the potential to make these services broadly available to housing and other facilities owned and operated by third parties.

Budget Context

The following two tables provide information on the Corporation's funding and expenditures.

Table 1. Nova Scotia Housing Development Corporation Funding

Funding Source	2002-03 Actual Audited	2003-04 Forecast	2004-05 Estimate
Revenue from Government Sources	69,860,000	71,850,000	69,066,000
Revenue from Rents	48,624,000	48,824,000	49,524,000
Interest, revenue from Land Sales and other revenue	6,197,000	3,400,000	6,200,000
Total Funding	**124,681,000**	**124,074,000**	**124,790,000**

Table 2. Nova Scotia Housing Development Corporation Expenditures			
Expenditure Source	**2002-03 Actual Audited**	**2003-04 Forecast**	**2004-05 Estimate**
Interest on Long Term Debt	29,407,000	28,200,000	27,200,000
Property Management and Operations	40,980,000	41,800,000	41,800,000
Maintenance and Capital Improvements	18,156,000	18,700,000	19,183,000
Transfer to Housing Services*	19,696,000	19,674,000	19,500,000
Amortization of Investment in Social Housing	9,546,000	10,100,000	10,800,000
Administration Fee and Cost of Land Sold	6,878,000	5,600,000	6,307,000
Total Expenditures	**124,681,000**	**124,074,000**	**124,790,000**

* **Under the terms of the Canada Nova Scotia Social Housing Agreement, Canada Mortgage and Housing Corporation transfers the Federal subsidies to the Corporation monthly. A portion of this funding is then transferred to the Programs Division of the Department of Community Services for Social Housing program subsidies.**

Outcomes and Performance Measures

Five performances measures are set out in Table 3 below.

Table 3. Nova Scotia Housing Development Corporation's Outcomes & Performance Measures

Outcome	Measure	Data BY= Baseline Year	Target 2004-05	Strategies to Achieve Target
Core Business: Manage the province's social housing portfolio.				
Financially viable social housing portfolio.	Projection of the financial resources available to meet anticipated Canada Nova Scotia Social Housing Agreement expenditures.	Based upon current program revenue and expenditures projections, the current annual federal funding will decrease over the life of the Agreement which expires in 2035.	The target is to ensure existing programs operate within the funding available.	• Continue to monitor and pursue opportunities to generate new revenues. • In the short term, conduct the initial five-year program evaluations for the housing programs the Department assumed under the terms of the 1997 Canada Nova Scotia Social Housing Agreement.
Core Business: Provide mortgage guarantees and/or financing to qualifying housing projects.				
Government has additional options in managing capital financing for government sponsored housing.	Number of qualifying housing projects receiving mortgage guarantees and/or financing assistance.	2001-02/BY one housing project. 2002-03 six housing projects.	Assist a minimum of three housing projects per year.	• Continue to foster and pursue partnering opportunities with other departments and government agencies.
Core Business: Manage the Corporation's housing to protect the Province from loss				

Table 3. Nova Scotia Housing Development Corporation's Outcomes & Performance Measures				
Outcome	**Measure**	**Data** BY= Baseline Year	**Target 2004-05**	**Strategies to Achieve Target**